

RCA No. 4      Third Revision  
                    Cancelling  
                    Second Revision

Sheet No.                            
    
Sheet No.                          

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**OCT 30 2015**



**ENSTAR Natural Gas Company**

STATE OF ALASKA  
REGULATORY COMMISSION OF ALASKA

**TARIFF**

**ENSTAR NATURAL GAS COMPANY**

A Division of SEMCO ENERGY, Inc.

3000 Spenard Road  
P.O. Box 190288  
Anchorage, Alaska 99519-0288

**RULES AND REGULATIONS**

**RATE SCHEDULES**

**STANDARD BILLING FORMS**

Governing the sale and/or transportation of natural gas by  
this Utility within the Certificate of Public Convenience and Necessity No. 4  
service area including the communities of

Anchorage, Anchor Point, Big Lake, Bird Creek, Chugiak, Eagle River,      **N**  
Eklutna, Girdwood, Homer, Houston, Indian, Kachemak City, Kasilof, Kenai, Knik,      **N**  
Nikiski, Nikolaevsk, Ninilchik, Palmer, Peters Creek, Portage, Sterling,      **N**  
Soldotna, Wasilla, and Whittier.

Tariff Advice No. 277-4

Effective      December 14, 2015

Issued By: ENSTAR Natural Gas Company, A Division of SEMCO ENERGY, Inc.

By: /s/Daniel M. Dieckgraeff  
Daniel M. Dieckgraeff

Title: Director of Rates and Regulatory Affairs

Date: 15 June 17 Exh # H-77  
**Regulatory Commission of Alaska**  
By: B U-16-066  
Northern Lights Realtime & Reporting, Inc.  
(907) 337-2221

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**ENSTAR Natural Gas Company**

**§602 Extension of Mains**

**§602a General**

The Utility will construct the facilities necessary to extend a Gas Distribution Main (a "Main Extension") to any location within its certificated area if the Main Extension is economically feasible and does not cause an unreasonable added cost burden to be borne by existing Customers. With the exception of Feeder Mains described in Section 602f(4) below, each Main Extension must be considered individually for economic feasibility. A Main Extension may involve one or more Participants.

**§602b Costs to Construct**

The Utility will calculate the costs to construct each Main Extension. These costs are based on the facilities necessary to provide service and include Mains, underground service pipes, meters, regulators, etc., as well as the engineering and supervision necessary to design and construct the facilities to meet all legal and safety requirements (including applicable overhead costs).

**§602b(1) Standard Construction Costs**

In calculating the costs to construct a Main Extension, the Utility will use the Standard Construction Costs (Sheet 236) applicable for the year of construction. T

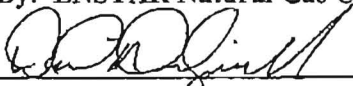
On or before May 1 of each year, the Utility will, by tariff advice letter, file the C  
Standard Construction Costs applicable for the next calendar year. The Standard C  
Construction Costs filed will be calculated by using the actual average cost per foot of C  
the construction of two-inch Main Extensions for the previous three years. C

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§602b(2) Charges in Excess of Standard Costs

The Utility may include Charges in Excess of Standard Costs in its calculation of the cost to construct a Main Extension for items which are particularly unique to that Main Extension and which could cause an undue additional cost burden to be borne by existing Customers if only Standard Construction Costs were used. Examples of such unique charges would include, but are not limited to, costs for: the construction of river or stream crossings; construction in swamp, hard rock, or frozen ground areas; construction and permitting in ecologically fragile areas; road bores, open cut crossings, asphalt removal and replacement; or, construction in the right-of-way of a limited access highway. Charges for these items will be based on the Utility's current engineering cost estimates.

§602b(3) Mains in Excess of Two Inches

If the size of the Main Extension that is required for service is in excess of two inches, the cost to construct will be based on the Utility's estimate of actual construction costs. If the actual cost of construction is less than the Utility's estimate, then the difference will be refunded to the Participant.

§602b(4) Cost of System Upgrade

Charges in excess of Standard Construction Costs may include the cost of a system upgrade if it is incidentally the result of a potential Customer's (or Participant's) addition to the system and the potential Customer has a load requirement that is not comparable to those in the area being served by the facilities requiring upgrade.

Pursuant to:

U-99-93(2) / U-99-94(2)

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§602b(5) Calculation

For Main Extensions utilizing Standard Construction Costs, the costs to construct a Main Extension will be the total of the footage for a two-inch Main necessary to provide service multiplied by the applicable Standard Construction Cost plus any Charges in Excess of Standard Costs. For Main Extensions requiring pipe in excess of two inches, the costs to construct the Main Extension will be calculated in accordance with Section 602b(3) above.

§602c Free Main Allowance

In determining if a Main Extension is economically feasible, the Utility will calculate a Free Main Allowance. This allowance is an estimate of the amount of Main expenditure that can be incurred for an "average" Customer of each class without significant adverse affect to the existing Customer base.

§602c(1) Standard Load Allowances

In calculating the Free Main Allowance for a Main Extension, the Utility will use the Standard Load Allowances (Sheet 236) applicable for the year of construction. On or before May 1 of each year, the Utility will, by tariff advice letter, file Standard Load Allowances and supporting documentation applicable for the next calendar year. The Standard Load Allowances will be the actual average embedded plant cost per Customer for each Customer class as of the end of the prior calendar year less that prior calendar year's cost per Customer (by class) for meter assemblies and Service Lines. These per Customer costs will be calculated using the methodology accepted by the Commission in the Utility's most recent cost of service study. For computing average loads the Utility will use the following:

§602c(1)(a)	Average G1 load	149	Mcf per year
§602c(1)(b)	Average G2 load	395	Mcf per year
§602c(1)(c)	Average G3 load	1,104	Mcf per year
§602c(1)(d)	Average G4 load	6,496	Mcf per year

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§602c(2) Calculation

The Utility will compute a Free Main Allowance for each Participant that is anticipated to connect directly to and begin taking service (thereby becoming a consuming Customer) from the proposed Main Extension at the time of construction. The allowance is the product of the Participant's estimated permanent annual load multiplied by the applicable Standard Load Allowance in effect.

§602d Evaluation of Economic Feasibility

§602d(1) If the costs to construct a Main Extension as computed in Section 602b above do not exceed the sum of the Free Main Allowance for all Participants anticipated to become consuming Customers on the Main Extension at the time of construction, the Main Extension is considered economically feasible.

§602d(2) If the costs to construct a Main Extension as computed in Section 602b above exceed the total of the Free Main Allowance for all Participants anticipated to become consuming Customers on the Main Extension at the time of construction, the Utility may require an Advance of the cost of the Main Extension above the total of the Free Main Allowances from the Participants.

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§602e Main Extension Advances

Main Extension Advances may be in the form of a Main Extension Deposit or a Main Extension Contribution in Aid of Construction. The Utility may require a Contribution in Aid of Construction when the estimated total load during the life of the Main Extension is insufficient to avoid an undue cost burden on existing Customers.

§602e(1) Calculation of Initial Advance

The initial Main Extension Advance is calculated by taking the excess of the costs to construct over the total of the Free Main Allowance for all Participants anticipated to become consuming Customers on the Main Extension at the time of construction. This is the total Advance required for the entire Main Extension.

Normally, the total Advance required for the entire Main Extension is divided by the total number of Participants. However, the Participants can agree to unequal individual Advances, as long as the sum of all of the Advances equals the total Advance required for the entire Main Extension. The individual Advances for a Feeder Main are calculated as provided in Section 602f(4) below.

Pursuant to:

U-99-93(2) / U-99-94(2)

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§602e(2) Customer Additions

§602e(2)(a) Any previously paid Main Extension Advances for a completed Main Extension, except a Feeder Main, must be recomputed when a new consuming Customer who was not a Participant in the Main Extension is added in the calendar year of construction and for two full calendar years following. The new consuming Customer will become a Participant and will be required to pay, as a Main Extension Advance, a prorated share of the original Main Extension Advance. The Utility will calculate the new consuming Customer's Free Main Allowance using the applicable Standard Load Allowances in effect at the time the new consuming Customer joins the system.

§602e(2)(b) Any new consuming Customers added to the Main Extension after two full calendar years following the calendar year of construction will not be required to pay a prorated share of the original Main Extension Advance.

§602e(3) Refunds

§602e(3)(a) Refunds will be calculated for those Participants who made Main Extension Advances except for Feeder Mains, prorata, equal in total to the amount of Advances received from new Participants plus the Free Main Allowance from new consuming Customers directly served by the Main Extension during the calendar year of its construction and for two full calendar years following. These refunds will be calculated and paid by the Utility annually by April 1 based upon the prior year's Participant and Customer additions to the Main Extension.

Pursuant to:  
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~~§602e(3)(b)~~ After the two full calendar years following the calendar year of construction, refunds will be calculated for those Participants who have Main Extension Advances on the Main Extension except for Feeder Mains, prorata, equal in total to the amount of the Free Main Allowance for each new consuming Customer directly served by the Main Extension until all of the Advance has been refunded or until the end of ten full calendar years following the calendar year of construction, which ever occurs earlier. These refunds will be calculated and paid by the Utility quarterly within one month following the end of the calendar quarter based upon the previous calendar quarter's Customer additions to the Main Extension.

§602e(3)(c) After the end of ten full calendar years following the calendar year of construction:

§602e(3)(c)(i) For Main Extension Deposits, the entire remaining Advance shall be refunded by the first of April of the eleventh year.

§602e(3)(c)(ii) For Main Extension Contributions in Aid of Construction, all remaining portions of the Advance become non-refundable.

§602e(3)(d) In no case may the amount of the refund or the amount totally refunded exceed the amount of the original Advance.

§602e(3)(e) After April First of each year, any Participant with an outstanding Main Extension Advance may request a report of Customers added to the Main Extension in the preceding calendar year.

§602e(4) Interest

The Utility shall not pay interest on Main Extension Advances.

Pursuant to:

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**§602f Types of Main Extension Advances**

Main Extension Advances generally fall into one of the following general categories. Each type can be either a Deposit or a Contribution in Aid of Construction.

**§602f(1) Standard Main Extension Advance**

A standard Main Extension Advance generally involves a group of property owners who have joined together to request gas service to their properties without the help of a Governmental agency. The costs to construct are calculated in accordance with Section 602b above and the total Advance is calculated as provided for in Sections 602c through 602e above.

Pursuant to:  
U-99-93(2) / U-99-94(2)

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By:

A handwritten signature in dark ink, appearing to read "Daniel M. Dieckgraeff".  
**Daniel M. Dieckgraeff**

Title: **Vice President, Rates and Planning**

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§602f(2) — Developing Subdivisions

Main Extensions into an area that is being subdivided or developed (a "Developing Subdivision") for either residential or commercial construction, which contemplate the installation of an integrated system to serve an entire subdivision or a portion of a subdivision being developed in stages, will be constructed at the sole discretion of the Utility. The agreements for this type of Main Extensions are generally entered into with a developer.

§602f(2)(a) The Utility will calculate the costs to construct in accordance with Section 602b above.

§602f(2)(b) The Utility will calculate any necessary Advances in accordance with Sections 602c through 602e above except that:

§602f(2)(b)(i) The total Advance calculated in accordance with Section 602e(1) (i.e., for the entire project) shall be paid by the developer.

§602f(2)(b)(ii) The refunds provided for in Section 602e(3) shall be calculated for and paid to the developer. If an additional Customer generates a refund of Free Main Allowance only, the refund will be paid on a quarterly basis similar to that outlined in Section 602e(3)(b).

Pursuant to:  
U-99-93(2) / U-99-94(2)

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§602f(3) Special Assessment or Local Improvement Districts

Under AS 29.46, local governmental bodies may form a special assessment district, also known as a local improvement district (LID). The Utility may enter into an agreement with a sponsoring government body (SGB) for the purpose of extending natural gas service into a LID.

§602f(3)(a) The Utility will calculate the costs to construct in accordance with Section 602b above.

§602f(3)(b) The Utility will calculate any necessary Advances in accordance with Sections 602c through 602e above, except that:

§602f(3)(b)(i) The total Advance calculated in accordance with Section 602e(1) (i.e., for the entire project) shall be paid by the SGB.

§602f(3)(b)(ii) The refunds provided for in Section 602e(3) shall be calculated for and paid to the SGB. If a new consuming Customer generates a refund of Free Main Allowance only, the refund will be paid on a quarterly basis similar to that outlined in Section 602e(3)(b).

§602f(3)(c) The SGB shall pay the Advance within thirty days of receipt of notification of completion and an invoice for the Advance from the Utility. Any amount of the Advance not paid to the Utility and outstanding after thirty days will be subject to interest.

§602f(3)(d) Annually, the SGB will provide the Utility with a sworn verification that refunds made to SGB for the previous year under Section 602e(3) have been applied on behalf of the individual Participants in accordance with the SGB's ordinances and resolutions that authorized the LID and this Section 602f(3).

Pursuant to:  
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§602f(4) Feeder Mains

A Feeder Main is a Gas Distribution Main that extends through a sparsely inhabited area and links a populated area downstream to the Utility's system supply. It is not economically feasible on its own, and in the view of the Utility, would result in an inequitable apportionment of costs if the Advance necessary were borne exclusively by the Participants directly connecting to the Feeder Main.

To prevent inequity, the Utility will allocate the Feeder Main Advance to the Participants directly connecting to the Feeder Main and to Participants on Main Extensions constructed downstream of the Feeder Main.

§602f(4)(a) The Utility will calculate the costs to construct in accordance with Section 602b above.

§602f(4)(b) The provisions of Section 602e above will generally apply to Feeder Main Extension Advances except as provided below:

§602f(4)(b)(i) The Utility will estimate the number of Participants it expects to connect directly to the Feeder Main, and the number of Participants it expects on Main Extensions constructed downstream of the Feeder Main in the year of construction and for four full calendar years thereafter.

§602f(4)(b)(ii) The total Advance for the Feeder Main calculated in accordance with Section 602e(1) will be divided by the total number of estimated Participants determined in Sub-Section 602f(4)(b)(i) above to determine the "Feeder Main Component".

Pursuant to:  
U-99-93(2) / U-99-94(2)

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§602f(4)(b)(iii) The Feeder Main Component will be collected from each Participant who directly connects to the Feeder Main or participates in any Main Extension constructed downstream of the Feeder Main who relies upon the Feeder Main for gas service until the total Advance is collected.

§602f(4)(b)(iv) The Feeder Main Component will be a non-refundable Contribution in Aid of Construction. There will be no refunds of the Feeder Main Component.

§602f(4)(c) Participants on Main Extensions constructed downstream of the Feeder Main will not be required to have a separate Main Extension Agreement for the Feeder Main Component. The Feeder Main Component will be separately identified and explained in the Agreement for the downstream Main Extension.

§602f(4)(d) A Developing Subdivision or a Local Improvement District Main Extension constructed downstream of the Feeder Main must add to its cost a Feeder Main Component for each of the lots or Participants (as appropriate) involved in such Main Extension.

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ENSTAR Natural Gas Company

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The Utility may, at its discretion, allow Participants, or their appointed agents, to perform a portion of the trenching and backfilling of a Main Extension. The Utility will establish in writing, standards of performance, safety, inspection, insurance and bonding which must be complied with prior to commencement and acceptance of any Participant trenching and backfilling.

The Utility will credit the Participant's Main Extension Advance or Contribution in Aid of Construction for the amount of work performed by the Participant and accepted by the Utility. In no case will this credit be in excess of the Utility's estimated cost to trench and backfill the extension less the cost of inspection nor will the credit exceed the amount of the total Main Extension Deposit or Contribution in Aid of Construction for that given extension.

Failure of a Participant, or the Participant's appointed agent, to comply with the standards as set forth by the Utility may result in additional charges by the Utility against the Main Extension cost to construct and the Participant's Main Extension Deposit or Contribution in Aid of Construction. The Utility is not obligated to accept or provide gas service through any facilities that do not meet its construction standards.

Pursuant to:

U-99-93(2) / U-99-94(2)

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**§602h Ownership**

At all times the Utility shall own, operate and maintain all gas distribution facilities up to the Point of Delivery regardless of whether the facilities have been constructed using Participant supplied trenching and backfilling, Main Extension Deposits, or Contributions in Aid of Construction, or were part of a LID.

**§602i Initiation of Line Construction**

No line construction or clearing or right-of-way shall be initiated under this section until all required Advances, contributions, Deposits, easements, permits and related documents have been received by the Utility, properly signed and executed, except as provided in Section 602f(3)(c).

**§602j Easements and Rights-of-Way**

The Participant shall grant the Utility specific easements and rights-of-way necessary for a proper gas Service Connection to that Participant's location. Failure on the part of the Participant to grant such easements and rights-of-way constitutes grounds for the Utility to refuse to construct the Main Extension.

Pursuant to:

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State of Alaska  
Regulatory Commission of Alaska**ENSTAR Natural Gas Company****§602k Main Extension Agreement**

Each Main Extension requiring payment shall be in writing and shall set forth the amount of the Deposit or Contribution required, the terms and conditions of payment, the terms under which refunds will be made and other relevant information. The agreement will also provide that a Participant who has made a Deposit may request an annual report of the consuming Customers added to the Main Extension. The agreement shall be signed by the Utility and by the Participant (or the Participant's authorized representative), or in the case of a LID Main Extension, the SGB's authorized representative.

**§602l Waivers**

In those unusual circumstances where the Utility believes that application of its Gas Main Extension policy outlined above will result in an inequitable apportionment of costs to one or more Participants (or its existing Customers), the Utility may modify the application of its tariff provision as necessary to remove the inequity by entering into an agreement with the Participant(s) and reporting the agreement to the Commission.

Pursuant to:

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